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INTELLIGENCE ADVISORY COMMITTEE

Verbatim Minutes of Meeting held in Room 7117,
Federal Works Building
on ~~Friday~~, 16 June 1948 at 2:00 P. M.

Rear Admiral R. H. Hillenkoetter, Director
of Central Intelligence, in the chair

MEMBERS PRESENT

Mr. W. Park Armstrong, Special Assistant to the
Secretary of State for Research and Intelligence
Major General A. R. Bolling, Acting Director, GSUSA
Rear Admiral Thomas B. Inglis, Chief of Naval
Intelligence
Major General Charles P. Cabell, Director of
Intelligence, Office of Deputy Chief of Staff,
Operations, USAF
Mr. William C. Trusheart, Representing Atomic
Energy Commission
Major General Walter E. Todd, Deputy Director,
Joint Intelligence Group, JCS

ALSO PRESENT

Mr. Prescott Childs, Central Intelligence Agency
Colonel Merritt B. Booth, Department of State
Mr. Allan Evans, Department of State
Lt. Col. Edgar J. Treacy, Department of the Army
Colonel Allan D. MacLean, Department of the Army
Captain P. Henry, USN
Captain J. M. Ocker, USN
Lt. Col. C. M. DeHority, USMC
Major W. C. Baird, Department of Air
Captain K. A. Knowles, USN(R), Central Intelligence
Agency
Colonel William J. Clinch, Central Intelligence
Agency
Mr. Shane MacCarthy, Central Intelligence Agency

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DIRECTOR: The agenda for the meeting today is the NIS Program; to see what might be worked out. I think the thing we ought to get in is the target date and I would like to recommend the date of 1952 - that the Ad Hoc committee drew up. Anyone want to discuss that?

ADM. INGLIS: I can't meet that date with present funds and personnel for 75 NIS's. If that is what you mean.

DIRECTOR: Yes.

ADM. INGLIS: The maximum production during the pressure of war when we had unlimited funds and personnel, working seven days a week, was 12 per year. That is the most they ever turned out and we couldn't hope to exceed that with our present funds and personnel.

DIRECTOR: That is for three years - four years -

ADM. INGLIS: 12 a year - that would take six and a half years. We couldn't do more than six in 1948. It takes time to recruit and train people.

MR. ARMSTRONG: I wonder how we can establish the target date until we know whether we can get funds and personnel. That is the criteria on which the speed of the program depends.

DIRECTOR: We would also like to bring up how we are going to ask for funds. Shall we put it all into one? We would also like to get an estimate of what funds you need, so we can stick it into the next budget. Shall it be for all of the Departments? We talked about this thing this morning. The non-IAC agencies gave us a terrifically large amount of funds needed.

MR. CHILDS: Interior and Agriculture.

DIRECTOR: Agriculture wants for the first year \$160,000, and subsequent years \$260,000; Interior the first year \$188,000, and subsequent years \$562,946; and Commerce says no additional cost. I don't see how they can judge it. It looks like it is going to run into a very sizable amount of money. We did get Agriculture to cut it down around 40% on another estimate. Since it is so much money maybe we should take it up with the Security Council and have them give us written authority to put it in our next budget. It is close to two and a half million dollars. That would give us a tough point with Congress.

ADM. INGLIS: And you will reallocate that?

DIRECTOR: I think it would be better to do it that way rather than leave it to each Department. The first would get it, the second would have a little argument, and the rest wouldn't get anything.

MR. ARMSTRONG: If the money is appropriated to the Departments, you let the Budget have a crack at it.

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DIRECTOR: That is right. We can get the Ad Hoc committee to make up an estimate.

ADM. INGLIS: I have my figures now.

MR. ARMSTRONG: So have I.

ADM. INGLIS: I would like to make this reservation that, even though we do get additional funds, there is grave doubt as to whether we can get the additional personnel to correspond to the additional funds and train them.

DIRECTOR: It might be difficult.

ADM. INGLIS: To meet a 1952 deadline, we think, even though they are both possible, their trying to push it that fast would be uneconomical, inefficient, and would result in probably an inferior product.

DIRECTOR: There is a lot to do.

ADM. INGLIS: 12 per year is a very large substantial start. That is the maximum they produced under the pressure of war.

GEN. CABELL: I don't quite see the necessity of meeting those deadlines in the lower priority groups. Why not leave off the unimportant ones in order to meet the deadlines on the important ones.

ADM. INGLIS: I had the same thought. I inquired about that and was told that out of 105 that were wanted 75 were considered of sufficient urgency to be listed by the JCS as wanted in a comparatively short time. I still think, however, a lesser number than 75 would meet the requirements. I was also told that the JCS had overlooked one of the important areas - Italy was given as an example - and it is a sensitive spot and should have been included. I was also told by a person working on the Editing Board, working on this program, that they will be working along on a certain area and then a crash and the decision is to drop that and start on something else. It brings about inefficiency also.

GEN. TODD: That happened recently and if we can interest the planners more in a continual review of these priorities we might gain some time and avoid these stoppages.

ADM. INGLIS: The important areas change. We have to bear in mind every time they change them it will slow it down.

GEN. TODD: It may be a 15° turn instead of a 90° turn, as in some cases.

ADM. INGLIS: We got the money we asked for. I assume we will get it - it has passed the House and the Senate. We haven't got the bodies, but I think we can recruit over the period of a year. But six is the maximum this year, even if you gave us ten million dollars. We still couldn't turn out more than six. And if we get the same funds in our appropriations in ensuing years, and can estimate a build-up to an annual rate of 12 a year, after the Fiscal Year 1949, and that would mean we could produce 42 by July 1952, or 75 by April 1955. That would

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be the Navy's target date under current circumstances. Now if it is insistant that we turn out 75, then there would be in addition to the funds we now have, and expect to get, \$120,000 a year, starting with the Fiscal Year 1950.

DIRECTOR: I think that is one of the things we have to hook into the Security Council.

ADM. INGLIS: It wasn't your idea in presenting your estimates to Congress that you would take over the entire expense; it is only additional funds.

DIRECTOR: Additional funds.

ADM. INGLIS: Because if it were the entire expense we could give you that figure.

DIRECTOR: I think additional funds.

ADM. INGLIS: I think it should apply to all the Departments. If you are going to absorb the whole cost, it will be more than \$120,000 a year.

DIRECTOR: We could put that either way.

MR. ARMSTRONG: Ours is capable of being refigured as well as the Navy's because we are currently at almost zero on capability of doing the studies. But to meet the program of 74 or 75 studies in four years from the time we got fully recruited, that would be a four-year period, we figured it would run an annual cost of \$1,150,000, adding approximately 180 people to our organization to account for the three chapters that are assigned to State, and it doesn't include the amount that would be required on the farmed-out sections to Agriculture, Commerce, and so on.

DIRECTOR: I think we will put those in.

GEN. CABELL: It would be awfully difficult for us to segregate that part of our shop that would be working on NIS exclusively, and their determinate cost. I recommend we only call upon CIA for the additional cost, rather than for the entire program. Then I have another reservation. I would like to say that the bottleneck with us is going to be the weather data and the availability of IBM machines. At the present moment we need some 30 machines to take care of the weather chapters in these reports. And we are having difficulty in getting those machines. We may wish to ask for CIA encouragement in getting those machines. I don't know what we are going to be able to do, but it seems the IBM Company, or rather Agencies, would rather get new customers than to serve the older customers. I don't know whether you have a requirement in CIA for IBM equipment, if not we could use your prestige as a new customer to get these machines.

DIRECTOR: We have some IBM machines. Maybe we can do that.

ADM. INGLIS: It is a change in business policy from that of the corner grocery

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store - they give the chops to the old customers.

GEN. CABELL: They don't sell these, they are all leased material.

DIRECTOR: Do all the agencies have money to do any work this year?
This Fiscal Year, and the one coming up?

MR. ARMSTRONG: We do not.

ADM. INGLIS: We have money for that - I am morally certain we have. We estimate we can get the personnel to turn out six.

DIRECTOR: That is a good start.

ADM. INGLIS: And from then on the personnel have to be educated. That is the best estimate we can make now.

GEN. BOLLING: We are going to need additional funds for 1950 and 1951.

DIRECTOR: We will put in for these additional funds. We have a better chance if just one asks for it. Park, what would you need in extra funds this year to get started on this?

MR. ARMSTRONG: To approach the program on full-scale business, that would be \$1,150,000. Obviously if you are going to swing into it slowly, and we could do a lesser number, then the full program would call for in one year a lesser amount of money. I don't have an estimate on a graduated basis.

DIRECTOR: We have some money for it now. It was originally set up for printing, binding, and maps. We might spare a little of that for the agencies not having the money.

ADM. INGLIS: Reduce the number you originally set up, and reduce the amount. That money could be diverted.

MR. ARMSTRONG: We could certainly, in a short time, arrive at estimates and cost on the basis of six the first year, and an ascending scale thereafter to show what you have to ask for the current Fiscal Year.

DIRECTOR: I think you ought to get that part in anyway. We won't get in any more this year.

MR. ARMSTRONG: Unless you are getting a deficiency appropriation.

DIRECTOR: No, if a new Congress comes in. And it also depends on who is elected. It takes a terrible argument to get a deficiency appropriation. They ask you if you get this money whether or not you are coming back to ask for a deficiency. "Remember, if you are going to get this, you are not to ask for a deficiency."

ADM. INGLIS: That brings up another point. I think it would save a little embarrassment all the way around if we do decide to submit the request for additional funds for CIA that we make it clear, and give the specific amount of

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how much each department is already contributing to this department; make it clear what you are asking for so we can go up and say \$350,000 is for the NIS program. Then they won't say to us that we have already given that.

DIRECTOR: We can put in a statement.

ADM. INGLIS: A table as to what each agency needs. That would certainly help me and get me off the hook.

DIRECTOR: It seems like a strange question, and I probably know the answer, is there any way of allocating personnel doing other work? Does anyone have spare personnel?

ADM. INGLIS: Speaking for ONI - it is a hope that we can get the bodies.

MR. ARMSTRONG: We haven't any slack at all, and have at present only a very small percentage of our personnel applied to similar studies that would be dropped when this program starts. Like the SID.

DIRECTOR: It is agreeable then that we put down as one of the conclusions that you will let us know what extra money will be needed for next year so we can take that up and get the Security Council's backing on it and then put it up in the budget as soon as the boys meet again.

ADM. INGLIS: Are you convinced that we must turn out 75 by '52?

DIRECTOR: If it can't be done, it can't be done.

ADM. INGLIS: I won't say it can't be done. We feel it will be wasteful and will result in not so good a product if we take it slower.

DIRECTOR: What are your ideas on that "Wee"?

GEN. TODD: I think that problem should be put up to the users. Recently the need for the review of priorities came to my attention and information they wanted concerning countries along the Mediterranean Coast. And in one breath they say they need it before they can complete certain studies, and that they don't want to review the priority on the basic intelligence areas. I think it is strictly a problem on which we should get recommendations from the users.

COL. MacLEAN: Speaking of these 75 studies, the Joint Planners have dipped way down to the bottom of these studies for one and they want it by the 15th of July.

GEN. TODD: That is the problem.

ADM. INGLIS: They make it impossible to fulfill their demands.

GEN. TODD: And they want to compromise. They say we don't want to disturb the priorities, but we want some material we can do research work on ourselves. And I do think if they gave a little more time and a little more consideration to the importance of cutting down these priorities, or of the arrangement of them before it is too late, we will save ~~SECRET~~ money and get a better product.

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ADM. INGLIS: I would like to make a recommendation that we report to the users that the maximum output under war pressure was 12 per year, and that we feel that is a maximum which can be demanded. Unless the users have need of something urgent, which we must accept, it will start wasteful practices and inferior products. Tell them if they will accept 12 per year we can complete this program by 1955. If they insist on us meeting that date of 1952, what it will then cost, whatever the cost, in addition to the current funds, and that we recommend that 12 per year be accepted.

GEN. BOLLING: Of course, we go for a little more speed. Our latest date is completion by June 1952. We fully realize that we have a start in this. We are working on it now and are pushing the other outfits. I think it would be very poor policy to put out an inferior product and sacrifice efficiency for speed.

GEN. CABELL: About what I said a while ago - I think that 75 is a little unreal on their part, and we have to ask them if that is unreal. But I should think, and this is a generality, that if our speed during the war was 12 per year, with the approved techniques and method of coordination, we could shoot that up near 20 a year. It would be a reasonable expectation. I would offer the figure of 20 per year.

ADM. INGLIS: They can't turn out airplanes now faster than they did during the war.

GEN. CABELL: A little more slowly.

GEN. BOLLING: And better airplanes.

GEN. TODD: And we were not confronted with the problems of money and personnel.

ADM. INGLIS: During the war money meant nothing. We had all the personnel we needed, and now we can't get either the money or the personnel; and you worked 6½ and 7 days a week during the war, now you work five. And I think probably the quality of the personnel is not as good as it was during the war; which I can't substantiate before the Law.

GEN. TODD: Would it be possible to farm out any of the tasks to the agencies that do have the talent - the universities, etc.

GEN. BOLLING: That is being done now.

GEN. TODD: Increase the amount that is being farmed out.

GEN. BOLLING: That depends entirely on funds.

ADM. INGLIS: I would like to ask my advisor on that - have we looked into that?

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COL. DeHORITY: We investigated that and decided against it.

ADM. INGLIS: Because you didn't think any outside agency was competent to do it?

COL. DeHORITY: It was a combination of that and that highly classified material can't be made available to them in adequate amounts.

DIRECTOR: Park, anything?

MR. ARMSTRONG: Since we are starting virtually from zero, the difference between 12 and 20 a year is a question of the rate of recruiting and the amount of money. We could approach one probably as rapidly as the other. I haven't any real preference for one over the other. In either case it would be the figure, substantially or somewhat less, per annum indicated here.

DIRECTOR: I think if this is agreeable with everyone, the first thing we will do is to take Todd's suggestion and see what the planners want and would like to get. And at the same time we can give them the difference in costs. Regardless whether or not you can get people - that is probably unknown - you have to get the money. 12 a year and 20 a year, and the difference in cost. Let them take a look and see if their need is overriding the cost, which is harder to get than it was during wartime.

MR. ARMSTRONG: Get the data from each of the participating agencies on those two bases in the terms of dollars and total them and you have a cost program to present to them as a very important consideration on which they will have to make a decision.

DIRECTOR: They ought to have that information on the cost of the thing. To sit back and say we don't care how much it costs, we want to get it done - that is getting away from reality.

ADM. INGLIS: We might as well make it 23 instead of 20 because if six is the maximum we can turn out during '49, that gives you three years at 23 per year.

DIRECTOR: Let's make it 12 or 23.

MR. ARMSTRONG: Six the first year?

ADM. INGLIS: That is all we can do the first year.

DIRECTOR: I don't think anybody could get more than six this first year.

MR. ARMSTRONG: We can't do six without additional funds.

DIRECTOR: You let me know approximately what you need.

MR. ARMSTRONG: What it would cost for six the first year, and then alternate 12 and 23 for the years after.

ADM. INGLIS: Do you want two figures in the terms of what we are already

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committed to do on the program, and additional figures on how much more money would be needed to speed it up. And the second category, that requires appropriations from you?

DIRECTOR: Practically all of the cases. Then we can give it to the users and tell them that money is going to be a question. It is more and more with Congress that they are getting up there and saying we have to make more economies.

GEN. TODD: It seems to me the trained personnel will also enter into it and would be worth while for the agencies that are preparing the material to look into the practices followed by other agencies to see if some of them couldn't be adopted - such as farming out the projects, and a view to getting better material and compiling it at a more uniform rate of speed by the contributing agencies, and perhaps a little faster.

DIRECTOR: Again it comes back to money. If you farm it out you have to have money to pay for it.

GEN. TODD: It was my impression, when I was in the Intelligence Division, that we could get it done faster and cheaper by farming it out. That was the impression I got. I don't know.

COL. MacLEAN: We are getting some chapters on 18 studies this year by outside contract. When this program was started last fall, we made arrangements to have that done.

MR. ARMSTRONG: I am reminded that one thing about farming this out is the disclosure as to the priority of this program.

GEN. TODD: There are security considerations. The discussion will be on the working level, but at a later date we might use some short cuts.

DIRECTOR: Any other remarks? Well, I think the first thing to be done on this is to check on this and the additional money, and then the additional amounts we will need in any case. Anyone else have anything on this?

There is just one other item. I am sorry we did not get it on the agenda, but it did not come over from Sidney Souers' office until about 15 minutes ago. It is a proposal from the Chief of Naval Operations to downgrade paragraphs 3d and 3e of NSCID No. 7 from SECRET to CONFIDENTIAL. I don't see that it would hurt us to do that. NSCID No. 7, "Domestic Exploitation," paragraph 1:

"The Central Intelligence Agency shall be responsible for the exploitation, on a highly selective basis, within the United States of business concerns, other non-governmental organizations and individuals as sources of foreign intelligence information."

Paragraph 3:

"Further to implement this undertaking, the intelligence agencies shall:"

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"Obtain, to the maximum extent possible, from their departments and agencies the foreign intelligence information which the departments and agencies have received as a by-product of the normal relationship with business concerns and other non-governmental organizations and individuals in the United States in connection with non-intelligence activities, and transmit to the maximum extent possible, the information to the Central Intelligence Agency for editing for source security and for appropriate dissemination."

Paragraph 3e:

"Obtain, in so far as is practicable and within existing security regulations, from their departments and agencies information concerning business concerns and other non-governmental organizations and individuals in the United States having foreign intelligence potential, which the department or agency possesses or subsequently acquires, and make the information available to the Central Intelligence Agency."

It is a request from the Chief of Naval Operations for authority to downgrade paragraphs 3d and 3e of NSCID No. 7 from SECRET to CONFIDENTIAL. Do you want to read this? I frankly don't see why we can't do that, unless they want a more complete dissemination.

MR. TRUEHEART: I heard them say when it came up at another meeting that they couldn't send it to the people who needed it, and that it wouldn't be implemented unless they could get it out.

DIRECTOR: If we can do it we should. As far as I am concerned I am willing.

GEN. CABELL: I wonder if anybody here could give us the philosophy for the original classification.

DIRECTOR: It is an occupational disease. Everything they touch is highly classified.

ADM. INGLIS: I think there is a pretty good reason for being close-mouthed. It is not so much the information they get from these commercial firms, but the protection of the firms as sources. They will feel a lot happier if they know that whatever they give us is very closely held. And some of it has to do with competition.

DIRECTOR: That is what they said when we talked to them. They are willing to give the Government the information, but they don't want to see it come back later in the hands of the fellow across the street who is working against them.

ADM. INGLIS: That was probably the factor in having the high classification.

MR. TRUEHEART: It should. The fact that every effort will be made to protect them as a source - probably it would be a good idea to publish it so they will know that we are taking every precaution to protect them.

MR. ARMSTRONG: I don't see any objections.

MR. BOOTH: I would like to check that.

DIRECTOR: We will send it around with a voting slip. I brought it up

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because we got it just before lunch. At first glance it looks as if it is all right to do it.

The only other item is just for information. That is, DCI 2/1 is over on Mr. Forrestal's desk and we don't know how long it will be there.

ADM. INGLIS: You had another item all tied up with that same argument. The preparation of NIS.

DIRECTOR: The NIS, that is going on now. There is a joint group doing this work for the NIS program which could continue to do it. And since this Navy-Air dispute is within the Military Establishment and doesn't materially affect the NIS program, they will keep on doing what they are doing.

ADM. INGLIS: As far as I am concerned it is all right with me if the air information is produced by the AID, which is a joint Navy-Air Force enterprise, and as long as they continue to function and produce those things for the NIS we can let this decision about responsibility ride until Mr. Forrestal puts out his clarifying directive. If that isn't satisfactory we had better go ahead with this.

GEN. CABELL: I don't see quite what you mean.

DIRECTOR: It is going along all right now and I don't think you should interrupt it.

ADM. INGLIS: That is all right with me, but I thought it was coming up for discussion today. This volume here is an outline of the NIS, and on one page it gives the tentative allocation of responsibility for the preparation of NIS. There are four items here which I believe the AID is working on. One has to do with civil air facilities, another has to do with military air business, etc. It is the type of work that AID is working on now. Now Navy has dissented from allocating the responsibility of that to the Air Force without any qualifying phrases. That dissent is still in a state of inanimate suspension and has not been reconciled because it is tied up with this business which is on Mr. Forrestal's desk. I don't think you care particularly as long as the work is continued.

DIRECTOR: You can't continue very long without this thing being settled.

ADM. INGLIS: Not indefinitely, but if you are willing to let it rest in that state of inanimate suspension as to the designation of responsibility, but that AID continue to produce the work and are going to continue the work, that is acceptable with us.

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GEN. CABELL: We would propose to continue working on the basis of this allocation under the assumption that after that inanimate suspension it would be along the same lines.

ADM. INGLIS: That is where I differ. I can't agree with that assumption. We would agree that the decision go the other way. That is where the conflict is.

GEN. CABELL: It seems to me, in any case, it would come to an overlap.

ADM. INGLIS: There is no need for an overlap because it is AID stuff we are talking about.

GEN. CABELL: I don't see any reason to expect us contemplating the changing of that allocation. That is the best evidence there is right now.

ADM. INGLIS: That allocation has not been formally agreed to and if the lack of a formal agreement interferes with the work, then it is serious and should be resolved right away. But if it is not we can continue.

GEN. CABELL: I don't see how the lack of an agreement on this point could affect the continuation of the NIS program.

DIRECTOR: We would like to have it continue. Have you anything else, Prescott? Anybody else anything? We will call the meeting over. (2:45)

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